



WILLIAM T FUJIOKA  
Chief Executive Officer

# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#9 JUNE 22, 2009

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

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Third District

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MICHAEL D. ANTONOVICH  
Fifth District

June 22, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZE USE OF TAX-EXEMPT COMMERCIAL  
PAPER TO FINANCE A PORTION OF PROJECT COSTS FOR CERTAIN CAPITAL  
PROJECTS AND APPROVE A RELATED REIMBURSEMENT RESOLUTION  
(FIRST AND FOURTH DISTRICTS) (3 VOTES)**

**SUBJECT**

This action will allow the County to utilize Tax-Exempt Commercial Paper proceeds to provide interim financing for a portion of project costs on the Bob Hope Patriotic Hall General Improvements Project (C.P. 86491), Coroner Crypt Building Addition and Tenant Improvements Renovation Project (C.P. 77354), and Countywide Data Center Project (C.P. 77416).

**IT IS RECOMMENDATION THAT YOUR BOARD:**

1. Approve the issuance of Tax-Exempt Commercial Paper in an amount not to exceed \$42,620,000 to provide interim financing for a portion of the project costs for the Bob Hope Patriotic Hall General Improvements Project (C.P. 86491), to be ultimately financed with long-term bonds.
2. Approve the issuance of Tax-Exempt Commercial Paper in an amount not to exceed \$27,076,000 to provide interim financing for a portion of the project costs for the Coroner Crypt Building Addition and Tenant Improvements Renovation Project (C.P. 77354), to be ultimately financed with long-term bonds.

*"To Enrich Lives Through Effective And Caring Service"*

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3. Approve the issuance of Tax-Exempt Commercial Paper in an amount not to exceed \$6,987,000 to provide interim financing for a portion of the project costs for the Countywide Data Center (C.P. 77416), to be ultimately financed with long-term bonds.
4. Adopt the "Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Reimburse Certain Capital Expenditures From the Proceeds of Taxable or Tax-Exempt Obligations (Additional TECP Projects – 2009)."

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended action will allow the County to utilize Tax-Exempt Commercial Paper (TECP) proceeds to provide interim financing for the Bob Hope Patriotic Hall General Improvements Project (BHPH General Improvements), Coroner Crypt Building Addition and Tenant Improvements Renovation Project (Coroner Addition), and Countywide Data Center project.

Your Board previously approved the budgeting of TECP revenue for the three above-mentioned projects as part of the 2009-10 Proposed Budget. However, at this time we are returning to your Board to seek explicit authorization to use TECP proceeds for these projects and to approve the related reimbursement resolution, as approved by County Counsel, which complies with federal tax regulations governing the recovery of County capital costs from tax-exempt bond proceeds. Execution of the attached reimbursement resolution will enable the County to maximize reimbursement for costs related to these projects.

The TECP authorization for these projects will be reflected in the Debt Management Guidelines, which will be presented for your Board's approval within the next two months.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1) by promoting prudent fiscal policies and by improving the efficiency, quality, and responsiveness of County services to all residents. The use of TECP for these projects furthers this goal by enabling them to proceed without interruption and avoid additional project costs due to escalation in construction costs. Once completed, the projects will provide facility improvements that will improve the efficiency of County services provided to residents.

### **FISCAL IMPACT/FINANCING**

TECP funding comprises a portion of total project costs for each project. The share of TECP comprises 89.1 percent of total budget for BHPH General Improvements, (\$42,620,000 of the total \$47,794,000), 84.2 percent of total project budget for Coroner Addition (\$27,076,000 of the total \$32,167,680), and 10.1 percent of total project budget for Countywide Data Center (\$6,987,000 of the total \$68,600,000).

Use of TECP for these projects will incur interest, letter of credit, and other administrative fees. Appropriation to fund these expenses for 2009-10 is already established in the 2009-10 Proposed Budget.

The outstanding TECP related to these projects will ultimately be paid off with proceeds generated through the issuance of long-term bonds. Compared to issuing long-term bonds, the initial use of TECP to fund project financing, including design costs is the most cost-effective option. Furthermore, the use of TECP funding provides the County with optimal flexibility to manage the financing and construction process related to these projects.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The relevant TECP Tax and Nonarbitrage Certificate will be amended to include the three projects discussed in this action to its listing of TECP-eligible projects.

### **IMPACT ON CURRENT SERVICES OR PROJECTS**

The use of TECP for interim project financing enables the Board-approved projects to proceed without interruption. Delay in the projects would result in significant additional costs due to cost escalation and contractor demobilization.

The Honorable Board of Supervisors  
June 22, 2009  
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**CONCLUSION**

Please forward an adopted copy of this letter and an executed copy of the Reimbursement Resolution to my office.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DL  
DJT:PB:zu

Attachment

c: Auditor Controller  
County Counsel  
Treasurer and Tax Collector

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAXABLE OR TAX-EXEMPT OBLIGATIONS  
(ADDITIONAL TECP PROJECTS - 2009)

WHEREAS, from time to time the County of Los Angeles (the "County") desires and intends to expend funds on certain capital projects (the "Projects"), as set forth in Attachment 1 hereto and incorporated by this reference; and

WHEREAS, no funds of the County or of any other entity which is a part of the controlled group of which the County is a part (the "Controlled Group") as such term is defined in Section 1.150-1 of the regulations of the United States Treasury under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations") are, or are reasonably expected to be, allocated, reserved, or otherwise set aside in the County's budget or in the Controlled Group's budget, on a long-term basis to pay the costs of the Projects; and

WHEREAS, certain costs of the Projects will initially be paid from amounts temporarily withdrawn from the General Fund of the County of Los Angeles and/or the proceeds of Tax-Exempt Commercial Paper ("TECP") issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL"); and

WHEREAS, the costs of the Projects paid with the proceeds of the TECP are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Projects; and

WHEREAS, the County expects to issue taxable or tax-exempt bonds, notes, or certificates of participation, or enter into a tax-exempt lease with a third-party lessor (“Obligations”) to redeem TECP and reimburse the capital expenditures of the County with respect to the Projects which were paid with the proceeds of the TECP; and

WHEREAS, upon the issuance of Obligations, the County will:

(1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the manner governing the public availability of records of other official acts of the County Board of Supervisors; and

WHEREAS, this Resolution is intended to be a “declaration of official intent” in accordance with Section 1.150-2 of the Treasury Regulations;


NOW, THEREFORE, this Board does find, resolve, determine and order in accordance with Section 1.150-2 of the Treasury Regulations, the County declares its intention to issue Obligations to finance the Projects in an amount not to exceed \$76,683,000, the proceeds of which will be used to reimburse the County for capital expenditures paid for the Projects prior to the issuance of said Obligations.

The foregoing resolution was on the 22nd day of June, 2009 adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



SACHI A. HAMAI, Executive Officer,  
Board of Supervisors of the County  
of Los Angeles

By

  
Deputy

APPROVED AS TO FORM:

ROBERT E. KALUNIAN  
ACTING COUNTY COUNSEL

By

  
Principal Deputy County Counsel

## **ATTACHMENT 1**

TO

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAXABLE OR TAX-EXEMPT OBLIGATIONS

(ADDITIONAL TECP PROJECTS)

### **Bob Hope Patriotic Hall General Improvements Project (C.P. 86491)**

Project Budget: \$47,794,000  
Estimated Completion Date: October, 2011

Description of Proposed Project: Refurbishment of the Bob Hope Patriotic Hall including the mechanical, electrical, and plumbing systems, structural upgrades, hazardous materials abatement, and installation of an HVAC system.

### **Coroner Crypt Building Addition and Tenant Improvements Renovation Project (C.P. 77354)**

Project Budget: \$32,167,680  
Estimated Completion Date: August, 2010 (Building Addition)  
August, 2014 (Tenant Improvements Renovation)

Description of Proposed Project: Renovation to the Old Administration Building (OAB), construction of a new Crypt Building Addition, and reconfiguration of existing space in the 1104A Biological Building to properly separate hazardous and nonhazardous areas and allocate more space for autopsy, laboratory, and forensic support functions.

### **Countywide Data Center (C.P. 77416)**

Project Budget: \$68,600,000  
Estimated Completion Date: June, 2013

Description of Proposed Project: Construction of a new approximately 56,000 square foot facility to house the County's Data Center and refurbishment of an existing 23,000 building to house the Center's emergency generators.